## **Introduced by Assembly Member Torres**

February 24, 2009

An act to amend Sections 310 and 313 of the Business and Professions Code, and to add Section 11818 to the Government Code, relating to consumer affairs.

## LEGISLATIVE COUNSEL'S DIGEST

AB 448, as introduced, Torres. Consumer affairs: financial education. Existing law creates the Department of Consumer Affairs and establishes the duties of its director, which include the duty to propose and assist in the creation and development of consumer education programs. Existing federal law establishes the Financial Literacy and Education Commission and this commission has promulgated the National Strategy for Financial Literacy.

This bill would include in the duties of the Director of Consumer Affairs proposing and assisting in the creation of programs for improving financial literacy. The bill would specifically require that the director participate with the Financial Literacy and Education Commission to implement in California the National Strategy for Financial Literacy, using existing resources. The bill would also make legislative findings and declarations and would state the intent of the Legislature that the State Board of Education, county offices of education, and school districts find ways, within existing resources, to incorporate financial education and literacy into their curriculum offerings and to work with the Director of Consumer Affairs in this regard.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

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The people of the State of California do enact as follows:

SECTION 1. Section 310 of the Business and Professions Code is amended to read:

- 310. The director shall have the following powers and it shall be his duty to:
- (a) Recommend and propose the enactment of such legislation as necessary to protect and promote the interests of consumers.
- (b) Represent the consumer's interests before federal and state legislative hearings and executive commissions.
- (c) Assist, advise, and cooperate with federal, state, and local agencies and officials to protect and promote the interests of consumers
- (d) Study, investigate, research, and analyze matters affecting the interests of consumers.
- (e) Hold public hearings, subpoena witnesses, take testimony, compel the production of books, papers, documents, and other evidence, and call upon other state agencies for information.
- (f) Propose and assist in the creation and development of consumer education programs, *including programs for improving financial literacy*.
- (g) Promote ethical standards of conduct for business and consumers and undertake activities to encourage public responsibility in the production, promotion, sale and lease of consumer goods and services.
- (h) Advise the Governor and Legislature on all matters affecting the interests of consumers.
- (i) Exercise and perform such other functions, powers and duties as may be deemed appropriate to protect and promote the interests of consumers as directed by the Governor or the Legislature.
- (j) Maintain contact and liaison with consumer groups in California and nationally.
- SEC. 2. Section 313 of the Business and Professions Code is amended to read:
- 313. (a) The director shall provide for the establishment of a comprehensive library of books, documents, studies, and other materials relating to consumers and consumer problems.
- (b) Utilizing existing resources, the director shall participate with the Financial Literacy and Education Commission established by the federal Financial Literacy and Education Improvement Act,

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Title V of the Fair and Accurate Credit Transactions Act of 2003 (Public Law 108-159) to implement in California "Take Ownership of the Future: the National Strategy for Financial Literacy."

- 4 SEC. 3. Section 11818 is added to the Government Code, to 5 read:
  - 11818. (a) The Legislature finds and declares the following:
  - (1) Today's increasingly complex financial services market offers consumers a vast array of products, services, and providers to choose from to meet their financial needs.
  - (2) This degree of choice requires that consumers be equipped with the information, knowledge, and skills to evaluate their options and identify those that best suit their needs and circumstances, particularly for populations that have traditionally been underserved by our financial system.
  - (3) Financial education also is essential to help consumers understand how to prevent becoming involved in transactions that are financially destructive, how to avoid becoming victims of fraud, and how to exercise their consumer protection rights.
  - (4) Financial literacy can empower consumers to be better shoppers, allowing them to obtain goods and services at lower cost, to provide individuals with the financial knowledge necessary to create household budgets, initiate savings plans, manage debt, and make strategic investment decisions for their retirement or their children's education. Having these basic financial planning skills can help families to meet their near-term obligations and to maximize their longer term financial well-being.
  - (5) Financial literacy is particularly important in view of the combined effects of current recession and financial and mortgage crisis on Americans and Californians.
  - (6) In 2003, Congress established the Financial Literacy and Education Commission through passage of the Financial Literacy and Education Improvement Act, Title V of the Fair and Accurate Credit Transactions Act of 2003 (Public Law 108-159).
  - (7) Congress charged the commission to "improve the financial literacy and education of persons in the United States through development of a national strategy to promote financial literacy and education."
  - (8) The National Strategy for Financial Literacy involves coordinated efforts by numerous federal agencies to address four crucial areas:

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(A) Building public awareness of available information and 2 resources.

- (B) Developing tailored, targeted approaches for dissemination of financial literacy information.
  - (C) Tapping into public-private and private-private partnerships.
  - (D) Research and evaluation of financial education programs.
- (9) California does not have a clearly articulated state policy or coordinated approach to promoting financial literacy and education, the lack of which harms Californians.
- (10) It is in the public interest for California public agencies, private entities, and individuals to participate in the work of the federal Financial Literacy and Education Commission and to participate in adapting the National Strategy for Financial Literacy to California conditions and implementing it as appropriate, using interagency collaboration and partnerships with private entities, nonprofits, and individuals.
- (11) The National Strategy for Financial Literacy has determined that "[t]he starting point for giving people a basic understanding of personal finance is youth financial education, and the best starting place to reach large numbers of young people with financial education is in schools".
- (b) (1) It is the intent of the Legislature, consistent with the recommendations of the National Strategy for Financial Literacy, that the State Board of Education, county offices of education, and school districts find ways within existing resources to incorporate financial education and literacy into their curriculum offerings by integrating it with the elements of the adopted course of study, by providing teachers with appropriate training and support, supplying teachers with effective financial literacy materials, curricula and resources, and by reaching students in nontraditional venues.
- (2) It is the intent of the Legislature that the State Board of Education, county offices of education, and school districts consider programs of financial education and literacy in consultation with the Director of Consumer Affairs.